97-84018-12

Clark, Evans

Municipal ownership in the United States

New York City

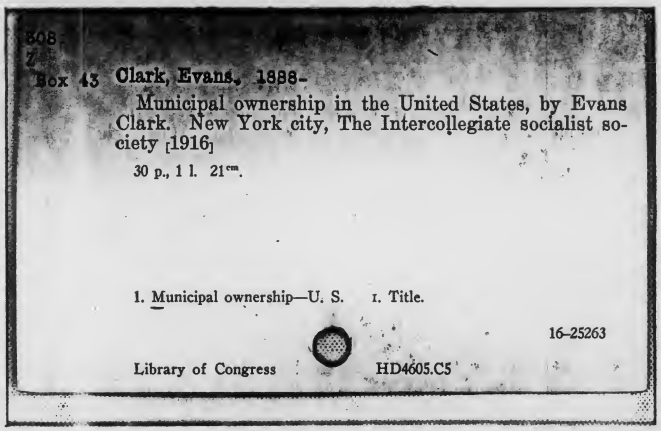
[1916]

97-84018-12
MASTER NEGATIVE #

COLUMBIA UNIVERSITY LIBRARIES
PRESERVATION DIVISION

BIBLIOGRAPHIC MICROFORM TARGET

ORIGINAL MATERIAL AS FILMED - EXISTING BIBLIOGRAPHIC RECORD



HD
Z
Box 43 Clark, Evans, 1888-
Municipal ownership in the United States, by Evans Clark. New York city, The Intercollegiate socialist society [1916]
30 p., 1 l. 21cm.
1. Municipal ownership—U. S. I. Title.
16-25263
Library of Congress HD4605.C5

RESTRICTIONS ON USE: *Reproductions may not be made without permission from Columbia University Libraries.*

TECHNICAL MICROFORM DATA

FILM SIZE: 35mm REDUCTION RATIO: 10:1 IMAGE PLACEMENT: IA (IIA) IB IIB

DATE FILMED: 2-7-97 INITIALS: PB

TRACKING # : 20914

FILMED BY PRESERVATION RESOURCES, BETHLEHEM, PA.

Prof. W. F. Willoughby
MAY 1 1 1917

Municipal Ownership in the United States

3.08
Z
Box 43

By

EVANS CLARK

Published by
THE INTERCOLLEGIATE SOCIALIST SOCIETY
70 Fifth Avenue, New York City

10 Cents a Copy

May 31, 1917 AET

MUNICIPAL OWNERSHIP IN THE UNITED STATES*

Municipal ownership to many people means a peculiarity of German "kultur" (or British human nature) which is as foreign to our American life as the invasion of neutral territory (or the curse of imperialism).

"Of course," they will say, "it may work well in Germany, where the individual is just a cog in the machinery of state; but we Americans won't stand for any such paternalism."

As a matter of fact, in these United States there are literally thousands of cities, towns and villages practising this form of collectivism every day in the year.

Out of 195 cities with a population of 30,000 people, 150 own and operate their own water-supply business. There are no less than 1,455 publicly owned and operated electric light and power plants, 125 gas works, some 20 asphalt paving plants, not to mention hundreds of isolated examples of municipally owned and operated markets, docks, garages, heating plants, public halls, cemeteries, ferries and street railways. There is even a case on record of a municipal organ, a liquor agency and a newspaper.

This supplement is an attempt to show that municipal ownership is not peculiar to the kultur of any foreign nationality, but has taken firm root in our American institutions, to point out the causes of this growth, and to discover its implications for the future of our American life.

I might add at this point that none of the facts that garnish this recital have been gleaned from a partisan source. Certain privately owned and vitally interested bodies like the American Telephone and Telegraph Company and the Municipal Ownership Publishing Com-

* It is a pleasure to acknowledge the assistance of Miss Martha Casamajor, Miss E. Salzman, Mr. Felix Grendon and others, whose valuable bibliography and notes were an aid in the preparation of this article.

pany are conducting a most insidious "educational" campaign against public ownership in all its forms. The telephone company has gone so far as to run a loose-leaf digest of all the facts and arguments against public ownership, which is distributed widely in university and public libraries. On the other hand, certain congressmen who favor the nationalization of telephones and armor plate plants are continually quoting "figures" to prove the opposite. No such flimsy material has been used in the construction of this supplement, nor should be used by anyone who wants to build on solid ground.

There is a mass of uncollected and undigested information of non-partisan reliability in this field. A glance at any bibliography [1] will reveal a long list of national and city government publications bearing on the subject; the Civic Federation's classic report is a mine of information; the "learned societies" in economics and political science have published investigations; the Municipal Journal, an impartial periodical, has made exhaustive studies of the situation, and there are gas and electrical directories that are invaluable reference works for the student of municipal ownership. It is on these sources that this article is based.

All this data raises some vital and specific problems for the student of contemporary life. First in importance, perhaps, is the record of the growth and distribution of municipal ownership in different fields of activity. How many publicly owned plants are there? Is public ownership growing? Has it grown faster in one industry than another? What situations have been favorable and what unfavorable to its development? Then, too, of the utmost interest for one who must take sides (and who cannot?) are all those facts which bear on the question of success in operation of private as compared with public plants. Has municipal ownership paid? Has it lowered prices to the consumer? Has it made for shorter working hours, higher wages and recognition of unions? And finally has it made for a cleaner and more public-spirited social and political life in cities where it has been tried?

The first of these problems is easy to solve. We have very definite and reliable figures on the extent, distribution and growth of the movement in the United States.

[1] See Munro, Bibliography of Municipal Government; U. S. Library of Congress, List of Publications on Municipal Affairs.

I. Extent of Municipal Ownership.

1. WATER WORKS.

By far the greatest advances have been made in the field of water supply. In 1800 there were 16 water works in the country. Of these 15 were in private hands—all but one of which (Morristown), it is interesting to note, have since been taken over by the public. In 1899 there were 3,326 water works, of which 63 per cent. (1,787) were municipally owned and operated.[2] Of the 38 cities with a population of over 100,000 there were in 1900 no less than 30 which owned and operated their water supply business. The eight privately owned plants were in San Francisco, New Orleans, Omaha, Indianapolis, St. Joseph, Scranton, Paterson and New Haven. Of these eight two (New Orleans and Omaha) have since been taken over by the public.[3] In 1912 there were 56 cities with a population of 100,000 and over. Of these 48 owned and operated their water works. The eight still in private hands were at that time: Indianapolis, Oakland, New Haven, Scranton, Paterson, Bridgeport and San Antonio. In the same year there were 195 cities showing more than a 30,000 population, and among them but 45 private plants.[4] The latest figures available show (1915) 204 cities of over 30,000 population and but 49 private plants. Of these 7 are in cities of between 100,000 and 300,000 population, 16 in those of 50,000 to 100,000 and 26 in cities of 30,000 to 50,000. *No changes in ownership from public to private hands have been noted*, but an increasing number of plants have gone from private to public ownership: in the years 1880 to 1889 there were 7 such transfers; 1890 to 1899, 14; 1900 to 1909, 16, and in the five years from 1910 to 1915 there were already 11.[5]

These figures carry with them the most important implications. In the first place it is clear that the big water works are in the hands of the public. It is only in the small towns that the private water company has struck root at all. And this is of special significance. In every other public utility just the opposite is true—the number of private companies varies directly with the city's size. Water works

[2] National Civic Federation, Report on Municipal and Private Operation of Public Utilities, Vol. I., pp. 127-8. U. S. Commissioner of Labor, Fourteenth Annual Report, 1899, pp. 12-13.

[3] Civic Federation Report, Vol. I., pp. 127-8. U. S. Bureau of Census, Financial Statistics of Cities, 1912, pp. 193-5.

[4] U. S. Bureau Census, Fin. Statistics Cities, 1912, pp. 103 and 223.

[5] U. S. Bureau of Census, General Statistics of Cities, 1915, p. 41.

statistics, at least, give the lie to the assertion that public ownership is only adapted to small undertakings, and also to the equally tiresome claim that public control lacks initiative. Witness, for instance, the great engineering triumph that New York has won in the Catskill Water Supply. Public ownership has undoubtedly conquered the field of water service.

More important still is the problem of why the collectivist theory has proved more successful in water supply than in gas and electricity. The three utilities—as well as the telephone business—are essentially alike. They all involve the house-to-house service of what are coming to be primary necessities. They must use the public highways for their systems of supply. And the commodities can be obtained only by the performance of large scale feats of business and engineering skill. The widely different amounts of public ownership in these fields is both interesting and enlightening. A consideration of these other utilities will give us some further clues in the solution of the problem they raise.

2. ELECTRIC LIGHT AND POWER.

In the production of electric light and power cities have gone much further than is generally known. In 1902 there were 3,620 electric plants in the United States. Of these 22 per cent, (815) were owned and operated by municipalities. In 1907 there were 4,714 plants, 27 per cent (1,252) of which were publicly owned. In 1912, 30 per cent (1,562) of the plants were city-owned out of a total of 5,221. In other words, municipal ownership increased between 1902 and 1907, 54 per cent., and between 1907 and 1912 24 per cent., while during the same periods private ownership increased only 23 per cent., and 6 per cent. respectively.[6]

But with these figures must go others if we are to see the situation four square. It is clear that municipal ownership has made far greater headway than private ownership in number of plants established, but in terms of total output the facts are astonishingly different. The output of municipal plants per kilowatt hour in 1912 was 10,436,276, that of private plants 537,526,730. That is: although the number of municipal plants was 30 per cent. of the total, their output was only 5 per cent. of the total output for the year. The rate of growth of plants put into terms of output shows a similar discrepancy. From 1902 to 1912 municipal plants have increased their output 136 per cent., while private plants have gained 238 per cent.[7]

What has happened is this. While a far greater number of new plants have been built under public ownership, the private ones have been decidedly larger.

This looks as if the private promoter had captured the big prizes in the electrical field. Other figures bear this out. In 1902 no less than 82 per cent. of the municipal electric light plants were in cities of less than 5,000 population, while only 73 per cent. of private plants were so located. In 1904 there were but 4 municipal plants in the 39 cities of over 100,000 population.[8] And in 1912 there were only 7 in the 56 cities of the same population.[9] To quote the Civic Federation Report: "It is only in cities below 30,000 that municipal (electric) undertakings are found."[10] The only cities of over 100,000 population to-day which own and operate their electric light systems are: Chicago, Cleveland, Cincinnati, Los Angeles, Seattle, Columbus and Birmingham—and of these none has a monopoly of the field, while some do not supply private customers.

These figures characterize municipal ownership in the electric field—a fairly high degree of development, but one almost exclusively confined to the smaller cities—precisely the opposite, as we have seen, from that in the field of water supply.

3. GAS.

A survey of the gas business reveals a somewhat similar situation. In 1899 there were in the United States 965 gas plants. Of these 14 (1.5 per cent.) were municipally owned and operated.[11] In 1914 there were 2,109, of which 125 (6 per cent.) were socialized.[12] The number of municipal plants increased in this period 11 per cent., while the private plants increased as much as 46 per cent. In 1912 of over 100 municipal plants only one (Richmond) was located in any city of over 100,000 population.

[6] U. S. Bureau of Census, Central Electric Light and Power Stations, 1912, pp. 17, 18 and 20.

[7] Opp. cit.
[8] Civic Fed. Rept., Vol. I., p. 161.
[9] U. S. Bureau of Census, Fin. Statistics of Cities, p. 193.
[10] Civic Fed. Rept., Vol. I., p. 163.
[11] Fourteenth Annual Rept., U. S. Commr. Labor, 1899, pp. 12-13.
[12] Brown's Directory of Am. Gas Works, 1914, p. 14.

In the gas business, therefore, as in the electric, the private companies have captured the big plants. But in the case of gas, public ownership, even in the smaller towns, has not made anything like the headway that it has in the field of electricity and water.

4. TELEPHONES.

The telephone business, it is needless to say, is entirely in the hands of private capital, although its service in all its essentials is similar to these other utilities.* Not a single city in this country owns and operates a commercial telephone system. The closest approximation to public ownership we find in the police and intra-departmental systems which some cities maintain. But even these lines are often (as are the police and fire department telephones in New York) owned and operated by the Bell or some other corporation.

5. AN INTERPRETATION

We have now enough data at our disposal to frame a tentative answer to the question: why has municipal ownership triumphed both in number and size of plants in the water business, while it has never even been attempted in the telephone business; has achieved but moderate prominence in gas, and in electricity, in spite of a remarkable increase, has failed to enter the biggest cities?

No one has, to my knowledge, however, gathered sufficient material of facts and figures to build an answer that will stand completely on its own foundation. Whatever theory we hold must inevitably be buttressed by our own personal desires and prejudices—a poor prop at best.

But I should like to suggest a tentative hypothesis: We, the people of this country, are accustomed to allow a small group of investors to reap huge personal profits from bartering our indispensable public necessities. It is only when our bodily security is threatened that we call a halt. And to this hypothesis there is a significant corollary: when the public need carries with it no large promise of profit, private capital steers clear and public ownership is Hobson's choice.

We have municipal ownership of our police and fire protection because we know enough not to entrust the safety of ourselves and our family silver to seekers after profit. We have learned to take it

* The necessity for inter-city and inter-state connections makes the telephone, however, more of a national than a municipal utility.

for granted that the supply of this public utility is a "governmental function," as we put it: that it would be "contrary to the public interest" for it to be the subject of stock-jobbing commercialism. Such a state of things would endanger our bodily safety.

Municipal ownership has dominated the water business primarily for the same reason. We will entrust our light, heat and transportation, but not our life, to the mercies of a money-making concern—to an organization whose interest in our welfare is divided by dividends. Water is one of the chief carriers of disease and has consequently become gradually bound up in our minds with the "public function" of health and sanitation. Political and social sagacity has developed among us at least to this extent: we are beginning to realize that our health (like our security from thieves and fire) is not a matter for the haggling, money-grabbing and stock watering of a business transaction. Public utilities that bear directly on our health are now being looked upon as legitimate fields for government interference and even ownership.

If we only washed in water and did not drink it, maybe public ownership would have made comparatively little progress in this field.

It is not that profits are small in the water supply business. They are as alluring as in any other public utility.

It is not that the water business is different in its essentials from gas, electricity or telephone service. All three present the same magnitude of engineering and business problems. The claim that New York could not possibly own and operate so large an undertaking as its electrical supply has been annihilated by its Board of Water Supply.

Nor is it any inherent simplicity in the business—nor any cryptic ability of government to handle water but not gas.

The reason is far simpler. The one greatest cause that has induced the conservative American public to swallow this extraordinary dose of collectivism is the germ they might drink at their breakfast table.

And here is a straw of proof to show whence and whither blow the winds of public sentiment. Out of five cities investigated by the Civic Federation Committee, the three whose water supply was a public service (Syracuse, Cleveland and Chicago) showed a typhoid death rate in 1905 of 13, 17 and 17 respectively. The two whose

water supply was a private opportunity for gain (New Haven and Indianapolis) showed a rate of 47 and 32 respectively. Out of the 38 largest cities in the United States Syracuse ranked 9th in lowness of the typhoid death rate, Chicago 8th and Cleveland 6th; while New Haven ranked 29th and Indianapolis 23d.[13]

The telephone business has remained entirely in private hands, chiefly, I should say, because telephones have not threatened our bodily security. But it is interesting to note that with the development of the business the lack of a telephone is becoming a menace to safety. We rush to the telephone to call the doctor, the policeman, the fire department,—our neighbor who can give us help in a crisis,—our relative across the continent, if need be. The faster telephones are installed the more urgent becomes our need for them. They increase their own demand, and the ratio of increase outruns the demand. And with this growing necessity of the telephone has come—as we might expect—a growing demand for public ownership. The monopolization of this field, however, by a few interstate companies and the necessity for extra-municipal connections has turned the agitation towards nationalization rather than municipal ownership. The same sort of interstate monopolization of water power is going on at the present time—and consequently of electric current for light and power. Sooner or later the agitation here will take a similar turn from municipalization to state or federal ownership. At the present time this development is one of the greatest barriers to city-owned electric plants.[14]

The facts of the gas and electric light business tend to prove both our hypothesis and its corollary. The profits are great in the large-scale supply of both these necessities, and the bodily security of the consumer is entirely free from danger. The 5,000,000 people of the city of New York run no risk when they turn on the Edison current or the Consolidated gas. This situation breeds, as always, an enormous progeny of privately owned plants. We have seen that in practically all the large cities the private investor has found and cultivated (often, as we know, with much watering) a fertile field in gas and electricity. The rapid rise of municipal electric plants in small cities, however, needs further explanation. It may be accounted for by the

[13] Civic Fed. Rept. Vol. I, p. 141.

[14] For the amazing story of this centralization see Sixty-fourth Congress, First Session, Senate Document No. 316, "Electric Power Development in the United States."

use of our corollary. The less profit an investor can reap from a public necessity the less likely he is to be "interested." The big prizes lie in the big cities. The people of Centreville may need light just as urgently as those of Chicago. But business is business—not public service. Interest to the investor varies directly with the distribution, not the intensity, of necessity. Yet, even though he pass Centreville by on the other side, its people must still have light. And what is the result? An inevitable and spontaneous movement, supported by the proprietor of the leading store himself, in favor of a Centreville municipal electric light plant. One more triumph for public ownership. Collectivism in these cases is an epitaph on the monumental failure of private ownership in the face of very definite and widespread social need.

6. MARKETS.

The public ownership of markets has gone far. Of 195 cities with a population of over 30,000 no less than 112 own and operate markets. Nearly three-fourths of all cities of 100,000 and over (41 out of 56) have one or more. They flourish in the larger cities.[15]

The word market, however, carries with it an undesirable connotation. One naturally thinks of the corner grocery store and the family meat market. But that is not the kind of business into the ownership and operation of which cities have so far gone. And here is another application of our original hypothesis. Every city block attests the financial desirability of the grocery and meat store. That the function of middlemen in the distribution of food products is one of financial allurement is also witnessed by the rise of corporation-owned strings of stores in the grocery business. There has been no pressure of threatened disease to force public ownership. Little is known by the average person of the dangers of the open vegetable stand. Consequently private ownership reigns supreme.

On the other hand, there seems to have been little profit in the renting of large buildings to truck farmers from the country where they may sell their products direct to the consumer. The farmer, in the first place, cannot afford to pay much rent, and in the second place the promoter of such a venture must face the violent opposition of the displaced and powerful middleman. Yet there is a great public need for this kind of service. The correlation of a positive need and a

[15] U. S. Bureau of Census, Financial Statistics of Cities, 1912, pp. 193-5.

negative profit, as always, is productive of public ownership. We find this kind of market owned by practically every city of any size in the country.[16]

7. CEMETERIES AND CREMATORIES.

The same is true, but to a lesser extent, of cemeteries and crematories. Out of 195 cities of over 30,000 population there are 76 [17] which own and operate these utilities. They are, in a word, necessary but unprofitable, being mostly, in all probability, "potter's fields."

8. STREET RAILWAYS, FERRIES AND DOCKS.

In the case of street railways, ferries and docks we have additional proof of our theory. These are lines of activity usually extremely lucrative and necessary, but not directly a menace to the public health. We should expect to find private ownership rampant. The facts bear us out. In the whole of the United States only three cities (San Francisco, Seattle and Munroe, La.) own and operate portions of their street railway systems; only two (New York and Boston) own and operate ferries, and but two (New Orleans and San Francisco) any large per cent. of their water front.[18] Billions have been made out of the human necessity for transportation in cities and untold commercial advantages have grown out of bartering the need for landing places and means of ferriage.

An interesting exception to this rule, however, occurs in the case of the Staten Island Ferry in New York City, which was an utter financial failure in private hands and was taken over by the city to prevent the interruption of a most important service.[19] And another case comes to hand in the Seattle Street Railway, which was built by a certain real estate concern to boom its suburban properties. The boom failed to materialize, the trolley failed to pay and the company unloaded it on the city as a gift.[20]

[16] For a discussion of the operation of such markets see: Annals of the American Society of Political and Social Science, Vol. XLIX-L., Nov., 1913, "A Symposium on Typical American Municipal Markets."

[17] U. S. Bureau of Census, Fin. Statistics of Cities, 1912, p. 193.

[18] U. S. Bureau Census, Fin. Statistics of Cities, 1912, p. 193; and R. Bridges, "Public Ownership of Water and Rail Terminal Facilites," 1915.

[19] New York, Commissioner of Accounts, Report on Municipal Ferries, August 30, 1912.

[20] Stone and Webster Public Service Journal, Sept., 1915, p. 175.

But these exceptions only go to prove the general hypothesis: failure of private ownership plus public need equals municipal ownership. In practically every other case these public utilities have been large revenue producers, either through water or through legitimate operation, without threatening health, and have consequently been gobbled up everywhere by the private promoter primarily for his own aggrandizement.

The publicly owned water front of New Orleans, with its municipal terminal railway and the water front development of San Francisco, are two exceptional and remarkable examples to show the public advantages to be gained from resistance to this trading on people's necessities—advantages, it might be added, which almost every German and many English cities have long since recognized and acted upon.[21]

9. MISCELLANEOUS.

There are a few more sporadic cases of municipal ownership which conclude this tale of increasing socialization. They may be conveniently tabled as follows: [22]

Kind of Activity.	No. of cities out of total of 56 with population over 100,000.	No. of cities out of 195 over 30,000.
Public Halls	10 (Philadelphia, Pittsburg, Buffalo, etc.)	21
Wire and Pipe Subways	1 (Baltimore)	7
Toll Bridges	1 (New York)	5
Newspaper	1 (San Francisco)	
Farms		(San Diego and Pasadena, Cal.)
Public Belt R. R.	1 (New Orleans)	
Lunch Rooms		9
Stores		1 (Schenectady, N. Y.)
Organ		1 (Portland, Me.)
Liquor Agency		1 Portland, Me.)
Powder Magazine		1 (Charleston, S. C.
Canal		1 (Augusta, Ga.)
Artesian Well		1 (Racine, Wis.)
Harbor Towing	1 (Portland, Ore.)	
Ice Plant		1 (Weatherford, Okla.)
Stone Quarry		1 (San Antonio, Tex.)

[21] See: Dawson, Municipal Life and Government in Germany; Donald, Municipal Year Book (England).

[22] U. S. Bureau Census, Fin. Statistics Cities, 1912, pp. 86 and 95; Wentworth, Report on Municipal and Government Ice Plants, N. Y., 1914, pp. 2-5.

10. NON-COMMERCIAL UNDERTAKINGS

A. Aphalt Plants.

This completes the list of commercial undertakings owned and operated by cities. It includes only those which sell commodities in the open market. There are, therefore, a good many examples of municipal ownership which are not included—those plants whose only customer is the city.

In this class may be mentioned the 20 odd municipal asphalt plants which have been established to build and repair the cities' streets. The following cities have them: Brooklyn (1907), Cincinnati, Cleveland, Columbus (1907), Dayton (not in operation in 1913), Denver (1910), Detroit (1904), Indianapolis (1908), Kansas City (1910), Borough of Manhattan New York City, Milwaukee, New Orleans (1906), Omaha, Pittsburgh, San Francisco (1909), Seattle, Spokane (1911), St. Louis (1912), Toledo and Washington.[23]

B. Bath Houses.

Municipal bath houses have not been included in the list of commercial activities. I have found no survey which shows the extent and distribution of this form of semi-commercial undertaking. It is common knowledge, however, that it is widespread. Boston, for instance, owns and operates 12 bath houses open all the year, 9 beach bathing places, 7 floating baths, 2 outdoor and 3 indoor swimming pools. No charge is made to patrons except for bathing suits, soap and towels. Five gymnasia are run in connection with the baths.[24]

C. Dance Halls.

Dance halls have also occasionally been established and managed by cities in the United States. While there is no survey of the number and distribution here either, the record of several instances has come to hand. Boston, Cambridge, Cincinnati and Milwaukee [25] are cases. In Cincinnati dances are run by the city every Saturday

[23] U. S. Congress, Sixty-second Congress, Third Session, House Document No. 1195, pp. 4-19. Also Municipal Engineering, May, 1916, pp. 194-5.

[24] Boston, Mass., Municipal Register, 1914, p. 78. Also, Memo. from Office of the Mayor, 1915, p. 7.

[25] Socialist Party Municipal Campaign Book, Milwaukee, 1912.

night and holidays in a local music hall [26] and in Boston they are held in the gymnasia.[27]

D. Garages.

Several cities have established municipal garages to serve the automobiles used in the various city departments. Baltimore, for instance, in 1913, built one to accommodate 14 cars [28] and Cincinnati followed suit soon after.[29]

E. Miscellaneous.

The maintenance of such utilities as roads and streets, garbage disposal plants, hospitals, schools, libraries, parks and playgrounds, comfort stations, etc., we have learned to accept without question as functions of government. A mere mention of them here is sufficient with the passing remark that they are not in their essentials any more like "government" than is the running of street railways or telephones.

II. Success of Municipal Ownership.

1. BY WHAT SIGNS SHALL WE KNOW IT?

This sketchy survey of the growth and relative distribution of municipal ownership would be inadequate without some evidence of how it works.

The first question of the business men to any proposal is: Has it been tried? As we have seen there are, for municipal ownership, thousands of answers in the affirmative.

But he will always ask a second: Has it succeeded? And to this the answers are myriad and varied: affirmative, negative and noncommittal. There is no one answer that will fit all the cases. This the most cursory investigation will reveal. All the careful student can say about this phase of the problem is: it all depends. A municipal plant will succeed if it is well run and fail if it is not. And in this respect it is exactly like a private one. It is as absurd for the Municipal Ownership Publishing Company to print pamphlets showing the failures of certain specified city-owned plants as proof of the failure of municipal ownership in general as it would be for me to say

[26] Municipal Dance Halls. Chicago Public Library, 1914, p. 6.

[27] Ib. p. 6, and Cleveland, Report of Dance Hall Inspector, 1913.

[28] Municipal Journal, April 8, 1915.

[29] Ib. Vol. 38, pp. 1-3.

that private business is a failure because, as is often claimed, 94 per cent. of men in business fail. Of course it would be most useful to know which form of ownership tended to the greatest average success and failure. That would be pretty substantial evidence of superiority or inferiority. But that would require a record of every privately run public utility and every city-owned plant in the country extending over a long period of years in all its operating and financial affairs. Of course, no one has ever, or will ever, make such an investigation. And even after it had been made it would have to be interpreted in the light of all the varying circumstances which surround each and every case: a human impossibility.

What concerns us here is whether there have been cases of successful operation of publicly owned utilities and whether, where investigations of comparative operating records have been made, they have been favorable to the socialized plants.

Then, too, it is necessary to determine just what "success" in any instance means. It is clearly not alone a matter of the balance sheet, as most business men would have us think. We could hardly expect them to adopt other standards—particularly in regard to undertakings which they naturally consider their own special field. The business man is compelled by the nature of his calling to adopt the standard of surplus as the highest good in most of his active life,—the habit continues in his moments of political and social discussion. Business is run for the investor. And the investor lends his money for dividends and interest, not for amusement or charity,—he spends elsewhere for those. But we are considering this problem from the point of view of all classes, not one. We are compelled to consider the standard of the working man and the consumer, not to mention that of the rather nebulous and inarticulate "public." Success for us, then, will include other considerations as well: price to the consumer, conditions of labor, and effect on the political and social life of the community.

2. THE BALANCE SHEET.

But out of deference to our most influential class to-day let us take the balance sheet first. Are municipal plants successful financially?

The United States Census Bureau has compiled total receipt and expenditure figures for all public utility services owned and operated by

cities of a population of 30,000 and over. This will give us profit and loss figures which will indicate at least the broad outlines of an answer. The 150 water supply plants in these cities show a total profit of $39,476,969 for the year 1912. The 19 electric plants show a balance of $2,076,141 and the gas works $417,970. The markets (112) netted $1,063,679, docks (53) $3,492,910 and pipe subways (7) $164,079. The New Orleans belt railway shows a profit of $5,987 and the Schenectady stores $383. The following undertakings, however, show a loss for the same year: 76 cemeteries ($140,571), 21 public halls ($103,900), 2 ferries ($133,-635), 5 toll bridges ($167,841), 9 lunch rooms ($42,740), 2 city farms ($416,125), and 1 newspaper ($11,194).[30]

Now these figures are not as favorable to public ownership as they appear, for they do not include the tax payments, interest or depreciation reserves, capital charges which would enter the debit side of a private company's balance sheet. It is only fair, however, in comparing these figures with private companies that no deduction from the profits of a public plant be made for interest charges—unless there have been such specifically. The system of public ownership eliminates this leakage from the pockets of consumers and employees. We must give credit where credit is due. It also eliminates the cost of tax collecting which falls on the public in cases of private ownership.

But if these figures do not give us a basis of reliable comparison with private plants they can give us one as between the differing forms of municipal enterprise. The supply of water is the most profitable, as we might expect. The public has given municipal ownership a real chance here by forbidding the private investor to enter the field. The average profit of water works was $263,179 from the 1912 figures. Electric light plants averaged $109,270: less than the water works by as much as private capital has been allowed to grab a lucrative field. Markets show a big drop to $94,970, while docks average $65,904 and pipe subways $23,439. On the other hand, the loss is in those undertakings where the promise of gain has been too small to attract the private investor. We cannot, of course, as do most opponents of public ownership, hold these losses up as evidence of incompetence. By staying out of these fields the private investor has tacitly admitted his own likelihood of failure. When

[30] U. S. Bureau of Census, Fin. Statistics of Cities, 1912, pp. 193-5 (for revenue receipts), pp. 223-5 (for expenditures), also pp. 86 and 95.

the city is forced to step boldly where the private company fears to tread we must expect an occasional fall.

Some other surveys have been made which help us further. The United States government has made an investigation of the income and expenses (including free service) of all the public and private electric light and power plants in the country in 1912. Only the totals are given. But they are most interesting, and, as they include deductions on estimated payments for rent, taxes, interest and depreciation in the case of municipal plants, are a reliable basis of comparison with private plants. The total income of private plants was $278,896,610 and that of municipal plants $23,218,989. The total expenses were $217,502,313 and $16,917,165 respectively. Although the municipal plants show a decided net income, it is not, however, proportionately as great as private plants in relation to their numbers, the percentage of municipal plants to total plants in numbers being 30 per cent. and in income 8 per cent.[31] But, then, we must remember that private companies have secured the most lucrative business in this field, and the publicly owned company is not operated primarily for profit. The figures are, therefore, most favorable to municipal ownership.

The success of municipal ownership in a handicapped race is shown by the plant averages from the figures above. These show that the average private plant returned an income for 1912 of $76,-222, while the average public plant gained for the public treasury no less than $14,865 in the same year.

There are some cost of production figures also which, though incidental, are of interest as bearing on the total profit or loss. From a survey of 89 private and 3 public gas plants in 1899 a cost of production per 1,000 cubic feet of $1.19 is shown for private plants and $.87 for the city-owned works. These figures include for the latter the necessary estimated deductions of tax and interest charges. A comparison of 1,539 private and 1,787 municipal water plants by the same authority shows a cost per 1,000 gallons of $.0812 for private plants and $.0641 for municipal plants.[32]

Some cost of construction figures are at hand also which incidentally go to refute the general conception that public works are

[31] U. S. Bureau of Census, Central Electric Light and Power Stations, 1912, pp. 17-20 and 70.

[32] U. S. Commissioner of Labor, Fourteenth Annual Report, 1899, pp. 385-6, and 36-7.

many times overpaid for in graft. In 1902 the capitalization of 2,805 private electric light and power plants was $271.51 per 1,000 kilowatt hours. The cost of construction of 815 municipal plants in the same year was $111.89. From this Professor E. W. Bemis deduces that the cost of municipal plants is but 41 per cent. of that of private.[33] There are some other recent figures which in general support this conclusion. It has been computed[34] that of 19 private and 118 public water supply systems investigated by the Municipal Journal the average cost of construction per 1,000,000 gallons yearly consumption of private plants was $1,107, while that of municipal plants was $804. The same investigation shows a cost of maintenance, on the same basis, of $60.80 against private plants to $34.25 against municipal plants. Other figures in the same survey for smaller plants show a cost both of construction and maintenance slightly in favor of the private plants; but the number investigated was smaller and the results therefore slightly less reliable.

From the United States survey of Electric Light and Power Plants of 1912 we find the same general situation. The average cost per kilowatt capacity for construction of all the private plants in the country was $440, while that of municipal plants was only $209.[35] All indications, therefore, compel us to conclude that public plants have on the whole cost less than private ones.

All the data we have at hand tends to the conclusion that in the fields of water, gas and electricity, at least, municipally owned plants have, on the whole, been financially successful. Especially as financial success for a public plant is not measured by the size of the dividend and the payment of interest, but by a mere return of a surplus over all expenditures, including what the city loses in taxes and the rent from the public property involved. As a measure of the stamp of public approval which follows success, it is interesting to note that in the great period of electrical development preceding the year 1902 there were some 170 plants transferred from private to public ownership, while in the same period only 13 went from public into private hands.[36]

The contrary conclusion, however, is true for most of the other undertakings: ferries, halls, cemeteries, farms and so on. All these

[33] Civic Federation Report, Vol. I., p. 126.

[34] Municipal Journal, Vol. 36, No. 4, p. 106 (Jan. 22, 1914).

[35] U. S. Census Bureau, Central Electric Light and Power Stations, 1912, p. 66.

[36] Civic Federation Report, Vol. I., p. 163.

have proved financially unprofitable as municipal plants. Markets probably are on the whole slightly below the line of financial success.

So much for the generalizations drawn from extended surveys. It might be well also to give some specific instances of cases of financial success in municipal plants. The following are some of the most notable:

Plant.	City.	Net Earnings.	Date.
Water	Syracuse	$31,515.15	1905 [37]
Water	Cleveland	61,185.62	1905 [37]
Water	Chicago	1,681,512.14	1905 [37]
Electric	Seattle	242,257.68	1913 [38]
Electric	Pasadena	29,360.00	1913 [38]
Electric	Riverside	26,262.00	1913 [38]
Electric	So. Norwalk	24,740.00*	1913 [39]
Electric	Cleveland	32,737.00	1915 [40]
Electric	Marquette	40,000.00	1913 [41]
Street Rys.	San Francisco	45,304.47	1913 [38]

In considering the figures so often adduced to show the financial failure of municipal ownership, it is important to find out the circumstances surrounding each case. It is obvious that where municipal ownership in any instance has been forced on a community by a combination of public need and a refusal of private capital to invest, it would be a mistake to condemn the public plant for the inevitable failure. A good illustration of this is the Staten Island Ferry in New York. The city, as I have stated, was forced to take over the business through financial failure of a private company. But this case is used time and again to prove the failure of public ownership on the absurd ground that the operation returned the city a deficit! As a matter of fact, this ferry can now be used to prove just the opposite. The city has at last accomplished what the private company, with a far inferior service, could not do, and returned to the city in 1915 a profit of $152,721.80[42]—not to mention the gain in increased taxes that have flowed from the development of property.

* Indicates that figures include no deductions for charges not made on municipal plants.

[37] Civic Federation Report, Vol. I., p. 138.

[38] Proc. Am. Soc. Mun. Imp., 1914, pp. 346-60.

[39] City of Norwalk, Twenty-second Annual Report, 1914, p. 7.

[40] Cleveland, Dept. of Public Utilities, Div. of Light and Heat. Bulletin No. 2, Sept., 1915, p. 59.

[41] American City, August, 1914, p. 138.

[42] N. Y. C., Dept. of Docks and Ferries, Annual Report, 1915, pp. 15-16.

3. COST TO CONSUMER.

There have been several studies made of the second element in our standard of success: price of the commodity to the consumer. But the latest government investigations have omitted this item, for some reason, from their reports.

The first government study, in 1899, gives some very definite figures: the result of an investigation of hundreds of plants in each of the fields of water, gas and electricity.

The average price per 1,000 gallons of water sold was $.1527 for private plants and $.1110 for municipal.[43]

The figures for gas per 1,000 cubic feet are: (A) Plants producing less than 5,000,000 cubic feet: private (341 reporting), $1.56; municipal (11 reporting), $1.51. (B) Plants producing over 5,000,000 cubic feet: private (261 reporting), $1.40; municipal (8 reporting), $1.11.[44]

Those for electricity per kilowatt hour are: (A) Arc lamps: (1) to private users: private plants, $.1085; municipal, $.0801; (2) to public (city): private plants, $.0746; municipal $.0425. (B) Incandescent lamps: to private users: private plants $.1548; municipal $.1058.[45]

The Civic Federation Committee's investigations in 1906 show the following figures in water rates: (A) Per 2,000,000 gals. a year: (1) private plants: New Haven 10c, Indianapolis 9¼c; (2) public plants: Syracuse 6 2/3c, Cleveland 5 1/3c and Chicago 7c. (B) Per 12,000,000 a year: (1) private plants: New Haven 10c, Indianapolis 6.2c; public plants: Syracuse 4 2/3c, Cleveland 5 1/3c, and Chicago 7c.[46]

The committee also reported on gas rates before and after municipalization in Duluth, Philadelphia and Wheeling. They show most decided decreases per 1,000 feet as follows: $1.90 to $.75, $1.40 to $.89, and $2.52 to $.75 respectively.[47] The figures in electrical service are somewhat similar. In Detroit the private company offered it to the city at $134.10 per lamp per year for three

[43] Fourteenth Annual Report, U. S. Commissioner of Labor, 1899, p. 42.

[44] Ib. p. 396.

[45] Ib. pp. 550 and 552.

[46] Civic Fed. Report, Vol. I., p. 132.

[47] Ib. pp. 147-51.

years. The city built its own plant, operated it at cost, and (allowing for deductions for interest, etc.), found the expense only $50.00 per lamp per year.[48] In Chicago the municipal plant serves the city at $83.67 per lamp per year, while the Edison Company had offered the same service at $90.00. In Pasadena the Southern California and Edison companies were selling electric light at 12½c in 1908. A municipal plant was put into operation that year and sold the same service for 8c. This was later reduced to 7c when the private companies reduced their price to 5c. And when the city company reduced to 5 and 3c the private company came down to 4c. In 1913 the private companies lost money on account of the cut rates, but being state-wide concerns made up the deficit out of innocent third party localities. In the same year the surplus of the municipal plant was $30,000. The Pasadena rates are now lower than those of any other plant in the country except Cleveland—another municipal undertaking.[49]

The Cleveland municipal lighting plant is a standing refutation of all opponents of public ownership—one of the best examples of the complete success of municipal trading in the world. In 1906 the city acquired a small plant by the annexation of the village of South Brooklyn. In 1910 another plant was added by a similar extension of territory, but in 1911 the people voted a bond issue of $2,000,000 to build a new producing station that would supplant the other two. This latter went into operation July 20th, 1914. At the end of 1912 the old plants had turned over a profit of $46,498, after deducting depreciation and interest charges from net earnings of $61,900; and in 1913 the profit was $49,899.[1] Interest on bonds is not generally figured as an operating expense until after a year or two of operation, but during 1915 the new plant, only a year old, paid off all the interest on bonds from operating revenue, paid to the sinking fund commission $68,062 and repaid the water works department $53,000.[2] The profit in 1914 was $32,737 and for the first six months of 1915, $6,789.[3] In 1906 when the first plant was taken over the rate charged to the city by the private Cleveland

[48] Ib. p. 170.

[49] Proc. Am. Soc. Mun. Imp., 1914, pp. 347-9.

[1] The Cleveland Municipal Lighting Plant, Bulletin No. 2, City of Cleveland, Dept. of Public Utilities, Sept., 1915, p. 59.

[2] F. W. Ballard, The Cleveland Municipal Lighting Plant, Utilities Magazine, Vol. I., No. 6, p. 10, July, 1916.

[3] Bulletin No. 2, op. cit., p .59.

Electric Illuminating Company was $69.72 per lamp per year. This has been gradually reduced by competition with the city plant to $49.80 per year.[4] The average sale price for the city plant in 1912 was $0.0302 per k. w. l., while the C. E. I.'s average price was $0.065 for the same service. The city's average sale figure was brought as low as $0.0185 in 1915, while in the same year the C. E. I. reduced their rates to an average of $0.0466. It has been figured out that the city plant has brought a saving to the people of Cleveland of $975,133 a year.[5] That they appreciate their own good sense is indicated by the number of customers. In 1914 there were 5,300. There are now 16,487.

This general trend of figures is supported by a survey of 100 municipal and 16 private plants conducted by the Municipal Journal in 1913. This showed for private plants an average maximum price of 12.87c per kilowatt hour, as against 11.71c for the municipal plant. The average minimum figures, however, favor the private plants: 5.4c as against 6.3c.[50]

An exhaustive survey of the relative costs to cities of paving from private and municipal asphalt plants has been made which shows the same results: distinctly favorable to public ownership. The figures are based on the relative cost to the District of Columbia, excluding the cost of construction ($85,000) of a city-owned plant and were obtained after a thorough-going investigation of all the municipal plants in the United States. Pavement per square yard, it was estimated, would cost the District $1.7142 from private plants and $1.4028 from a city plant. The figures for surface per square yard were: private $.6550, public $.4609; and on minor repair work per cubic foot: private $.5840 and public $.5003.[51]

Other factors being equal, we should expect to find the price to the consumer less in public than in private plants, for the simple reason that the concern can be run at cost without the additional burden of interest and dividend payments—not to mention tax assessments and rent, figures which, strictly speaking, should not go to the credit of a public plant, however. This expectation the figures that are at hand bear out with exceptional uniformity. Municipal owner-

[4] F. W. Ballard, op. cit., p. 15.

[5] Bulletin No. 2, op. cit., pp. 58 and 71-73.

[50] Municipal Journal, Vol. 35, pp. 172-86.

[51] U. S. Congress, Sixty-second Congress, Third Session, House Document No. 1195, p. 2.

ship, we are forced to conclude, is better for the consumer in this respect. It must be admitted, though, that recent surveys have been few and not extensive, and that this conclusion can hardly yet be considered final.

4. CONDITIONS OF LABOR.

Information regarding the third element in our problem, working conditions, is much less available than that as to financial success and cost to consumer. There are, however, several collections of data that will give us a hint of the real situation—at least in the matter of salaries and wages. The earliest available figures show the typical condition: lower salaries but higher wages in public plants.

In 1899 the average salaries (i. e., wages to superintendents, managers, etc.) in 375 private water companies per 1,000,000 gallons were $14.37, while those in 659 municipal plants were $7.84. The wages were $13.07 and $15.18 respectively.[52] The returns from gas companies showed that in all but the smallest plants salaries were higher in private works, while in four out of seven groups (rated by capacity) wages were lower.[53] The figures in the case of electrical undertakings showed the same tendency.[54]

The Civic Federation Report gives an interesting table of comparative minimum wages and hours of labor for common labor in private and public plants:

	Private		Municipal	
City.	Hours.	Wages.	Hours.	Wages.
Syracuse	10	$1.50	8	$1.50
Detroit	9	1.80	8	1.75
Allegheny	10	1.75	8	2.75
Wheeling	10	1.85	8–9	1.85
Cleveland	10	1.75	8	1.76
Indianapolis	10	1.50	8	1.60
Chicago	10	1.75	8	2.00
New Haven	9	1.50	8	1.50
Richmond	9	1.20	9	2.00
Atlanta	10	1.00	10	1.00[55]

[52] Fourteenth Annual Report, U. S. Commissioner Labor, 1899, p. 31.
[53] Ibid. p. 381.
[54] Ibid. p. 541-2.
[55] Civic Fed. Report, Vol. I., p. 107.

This again supports the general rule that wages are higher in municipal plants and adds the feature of shorter hours—also the usual thing.

There are, however, other figures of a later date, but from only one industry, which minimize the difference in wages to some extent—although they add evidence for the salary variation between private and public plants. The average yearly salary for superintendents and managers in all private electric light and power plants in 1912 was $1,487.21, while that in municipal plants was only $953.57. The average wage, however, in private plants was also higher: $699.15, as against $669.68. But this latter calculation does not take into consideration the usual difference in hours of labor in favor of municipal plants. Were the figures based on wage per working hour they would, in all probability, swing the other way.

The only data at hand showing the relative attitude towards unionization of employees is meagre indeed, but favorable to public operation.

In 1906-7, of the municipal plants studied by the Civic Federation Committee, three were favorable (Cleveland, Detroit and Chicago) and three unfavorable (Allegheny, Syracuse and Wheeling) to labor organization. Of the private plants, all were distinctly hostile to the union idea.[56] All the municipal plants, though, had adopted a minimum wage scale, while only a few private plants had done so, and all municipal plants (except South Norwalk) paid the prevailing union rate of wages.[57]

As to other working conditions: cleanliness, safety of shops, and so on, there is practically no comparative information available. The Civic Federation Committee found the best conditions in the private Commonwealth Electric Company of Chicago, the Cleveland municipal water works and the privately run Philadelphia United Gas Improvement Company, while the worst conditions were in the Richmond and Wheeling municipal gas works. "The best under one form of ownership," runs the report, "is equaled by the best under the other, and so on down to the worst." [58]

Taken as a whole, then, the data on wages, hours and shop conditions is very unsatisfactory in amount and most of it is out of

[56] Ibid. p. 104.
[57] Ibid. p. 108.
[58] Ibid. p. 111.

date. From what we have, however, taken in connection with common knowledge, we have reason to suspect that salaries are almost invariably higher in private plants, while wages (based on hours of labor) are lower; that city plants are more favorable to at least "benevolent organizations" among their employees, and that shop conditions vary all the way from one extreme to the other, according to locality and management on both sides.

If this analysis is correct, it is a standing challenge to every person interested in efficient management to agitate for higher salaries to executive officers in the public business.

5. EFFECT ON THE COMMUNITY

The last element in our problem is utterly impossible to solve in terms of facts and figures. It is vain to attempt to measure the relative amount of graft, corruption and public abuse in any given instances. We are thrown back on the generalizations of common knowledge and our own personal bias. The weight of evidence in my own mind, at least, is distinctly on the side of municipal ownership and operation.

The big graft in this country has been the inevitable result of the necessity of the private public utility company—as a very first essential in doing business—to obtain franchises and concessions from public legislative and administrative bodies.

Mr. Delos F. Wilcox, one of our foremost authorities on public utility problems, has handed down this dictum in the matter:

"A tragic story might be written of the temptations of public service companies. * * * Organized for profit and thereby adopting the ruling passion of a sordid age as the sole guiding motive of their activities, they have found themselves relieved of the restraints of conscience and personal feeling which often hold in check the greed of individual men. * * * Under these conditions, it is hardly surprising that public utility corporations have come to be regarded as one of the main instruments of municipal corruption and inefficiency." [59]

Of course in cities where municipal ownership plants have been established it is futile even to speculate on how much corruption a private plant in the same situation might have bred. But it is self-evident that no city-owned gas or water works has ever intrigued with, and boldly or subtly bribed members of its city legislature—at least,

[59] D. F. Wilcox, "Municipal Franchises," Vol. I., p. 102-3.

for the privilege of doing business. We have heard of many instances of sinister dealings by private companies with the New York Public Service Commission. But who ever heard of the Board of Water Supply in such a role? Of course, the petty personal graft of patronage stands to increase in a city plant. But everyone who has even a passing acquaintance with a ward boss knows how many faithful constituents he has "placed" with all the public utility corporations in the town. They render him this service as a matter of business policy: to gain concessions at the City Hall. Here is an eloquent example culled from that searching and authentic revelation of the boss, "Plunkett of Tammany Hall":

"11.00 A. M.—At home again. Found four men waiting for him. One had been discharged from the Metropolitan Street Railway Company, and wanted his district leader to fix things. Another wanted a job on the road. The third sought a place on the subway, and the fourth, a plumber, was looking for work with the Consolidated Gas Company. The leader spent nearly three hours fixing things for the four men and succeeded in each case." [60]

With the increase in civil service jurisdiction and a firm enforcement of the rules, no city administration could build up nearly as solid a political machine on patronage in municipal plants as has been done in cases like the one cited. As Plunkett sagely remarks: "I am for municipal ownership on one condition—that the civil service law be repealed. It's a grand idea—the city ownin' the railroads, the gas works and all that. Just see how many thousands of new places there would be for the workers in Tammany! Why, there would be almost enough to go around—if no civil service law stood in the way. My plan is this: first get rid of that infamous law, and then go ahead and by degrees get municipal ownership." [61]

But given the civil service law, Plunkett and his ilk prefer things as they are. And this is a Q. E. D.

Again, it is impossible to weigh the increase in civic consciousness and public spirit which municipal plants have actually generated in this country. But examples like Pasadena and its electric light plant indicate a distinct gain. The fight there with the private plant lasted seven years and aroused an immense amount of public spirit in the community.[62] The effect in another place might be infinitesimal.

[60] Riordan, "Plunkett of Tammany Hall," N. Y. McClure Philips, 1905, p. 171.
[61] Ibid. p. 100.
[62] Proc. Am. Soc. Mun. Imp., 1914, pp. 350-8.

But it is impossible to charge any influence in the other direction to the public plant. And that is a good deal more than can be said of most private ones.

It is a fundamental law of political science, well proven by experience in Europe, that in the long run the more a city does for its citizens, the greater the civic consciousness and the less the graft, corruption and inefficiency in its public life. The people can "get at" the city-owned utility. Subway strap-hangers would tolerate far less discomfort from a city than a private management and far less inefficiency from a municipal subway than from a Department of Correction, for instance, with which they seldom deal. No greater physic could be administered to a body politic suffering from inefficiency in its city hall than a liberal dose of municipal ownership of some of the necessities of life.[63]

III. Some Conclusions.

It is plain from all that has gone before that anyone who begins a study of municipal ownership in this ountry with a scientific spirit and also a belief that it has always and everywhere been a complete success, will end his work, as have many in other fields than this, either without his science or without his belief.

But it is equally plain that the record of municipal ownership in this country explodes once and for all the loose talk about Utopianism that clings to the arguments of those who oppose the Socialist movement. The Utopianism for them is not a matter of unionism in government shops, nor of the difficulties of "democratic management." It is the shadow of their one great doubt: the ability of any government to engage successfully in what they are pleased to call "private" business. But the record proves conclusively just the opposite: not only that city governments all over the country are doing just that, and doing it successfully, in hundreds of instances, but also that in one field at least—water supply—they have gone far towards driving private capital entirely out of the business.

The one central feature of all Socialist agitation is government ownership. It is true that there is no Socialism without the control of the government by the working people and the democratic management, in one form or another, of all industry. But if government ownership under the present political control is a failure, then the keystone of the arch of Socialist argument would be shot through with a fatal flaw. This first and most crucial test of the essential practicality of Socialism has been successfully met by cities in every part of the United States. And this triumph of the fundamental Socialist principle has been "ushered in" (as Socialists are wont to speak of the co-operative commonwealth) by those very Republicans and Democrats who are the first to "look with alarm" on the same proposal advanced by a party not their own. There is no better evidence than an admission against one's interest—especially if that admission is a matter of deeds, not words.

Even the more qualified advance and success of municipal ownership in the electric and gas business can be used with deadly effect on the anti-socialist. It throws a searching and a searing light on the motives and results of a public service for the investors' benefit—under varying conditions of profit.

But above all these minor matters of argument stands this one fact: our welfare and our safety are not tied up with protection from disease alone—nor from fire and footpads. The twentieth century has turned luxuries into necessities—swift transportation, telephones, electricity and gas. In these days we cannot get along without any of them. It only takes a threatened railroad strike to bring us face to face with how great our necessity is. And we must learn sooner or later that the supply of these things should in some measure be under our common control for our common service. If water works have become a "legitimate" function of government, gas works, electric plants, street cars and telephones must in the end follow the same course. What works with water will work with gas, or any other essential public utility. If we will not tolerate the commercialization of water because our health is threatened, why should we tolerate it in the case of street railways when our pockets are threatened—our comfort and the purity of our public life?

If the function of the Socialist is anything in our contemporary American life it is to proclaim in season and out this lesson that we as a people must some day learn and apply. If we refuse to permit a private fire department to make money out of our necessity for protection from fire, we must in the end see the folly of permitting ourselves to be threatened in a thousand subtler ways by the turning

[63] For a demonstration of this general thesis see: F. C. Howe, "European Cities at Work," N. Y., 1914.

of our other necessities into profit. It is the great achievement of the Socialist that he has seen the essential similarity of all our modern needs in their effect on our well-being and in the mechanism of their production and distribution. It is his high duty to uncover the utter unreason of a private gas and a public water works in the same city: to agitate unceasingly that the best and cheapest supply of gas, food, electricity, means of communication, clothes and places to live and work are all essential to our existence and should no more be made the occasion for profit-mongering than we consider water to be to-day.

Municipal plants, like private ones, have succeeded and failed.[64] No one will ever know the relative proportion of each. But at least this much is proved by the records of municial ownership we have at hand: there have been many successful examples of the fundamental Socialist principle in our cities; the performance of such undertakings has been, on the whole, more favorable from every point of view than similar private ventures, and, finally, the private investor, backed by an ignorant public, has never given public ownership half a chance to prove its worth except in the field of water supply, where its success is assumed on all sides.

This is, for the Socialist, a vindication and a challenge!

[64] The Municipal Ownership Publishing Co. has issued a pamphlet describing 280 "Defunct Municipal Lighting Plants," but no one as far as I know has written one, as well he might, showing the failure of as many and more private plants.

PACIFIC 20914

END OF
TITLE